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Annual Report

FIRST ORENADA MINES LIMITED

(NO PERSONAL LIABILITY)



FOR THE YEAR ENDED DECEMBER 31, 1965

FIRST ORENADA MINES LIMITED

(No Personal Liability)



AUTHORIZED CAPITALIZATION

\$5,000,000.00 divided into 5,000,000 shares of the par value of
\$1.00 each.

DIRECTORS

DAVID W. GORDON	-	Toronto, Ontario
M. W. MacDOWELL	-	Brockville, Ontario
GORDON L. MOORE	-	Islington, Ontario
PHILIP E. BOYLEN	-	Toronto 18, Ontario
CHARLES B. BRANNIGAN	-	Toronto, Ontario

OFFICERS

DAVID W. GORDON	-	President
M. W. MacDOWELL	-	Vice-President
GORDON L. MOORE	-	Secretary-Treasurer
CHARLES B. BRANNIGAN	-	Assistant Secretary

HEAD OFFICE

c/o RAYMOND CARON, Q.C.
22nd Floor, 630 Dorchester Boulevard West, Montreal 2, Quebec

EXECUTIVE OFFICE

908 - 330 Bay Street - Toronto, Ontario

TRANSFER AGENTS AND REGISTRAR

GUARANTY TRUST COMPANY OF CANADA
366 Bay Street, Toronto, Ontario, and
427 St. James Street West, Montreal, Quebec

FIRST ORENADA MINES LIMITED

(No Personal Liability)

Directors' Report

To the Shareholders:

The annual report of the Company including a copy of its Balance Sheet and related financial statements and the notes relative thereto for the fiscal year ended December 31st, 1965, and the report of the auditors, is presented for your consideration.

The proposed change of name, capital reorganization and offering of rights to the Shareholders as presented at the annual and special general meeting of Shareholders of the Company were confirmed; and, Supplementary Letters Patent were issued under date of August 3rd, 1965. The authorized capital of the Company is \$5,000,000.00 divided into 5,000,000 shares with a par value of \$1.00 each of which 1,187,500 shares are issued and outstanding as fully paid and non-assessable, and the name of the Company was changed to First Orenada Mines Limited (No Personal Liability). A total of 87,500 shares were issued under the offering of rights which provided \$75,000.00 to supplement the treasury of the Company.

The Balance Sheet as at December 31st, 1965, in comparison with that of the previous year, reflects the changes made in Shareholders' Equity as a result of the reorganization of the share capital of the Company and the issue of shares as reconstituted and sold under the offering of rights to the Shareholders. Current Assets increased by \$38,688.32 resulting from the funds received from the sale of shares, less the payment of \$15,000.00 for the option on the Pine Point Area mining claims, the mine development and administrative expenses of the Company amounting to \$21,945.91 and sundry minor amounts for the period under review.

MINING PROPERTIES:

Township of Bourlamaque, Quebec

The Company's Bourlamaque, Quebec, mining property consisting of Fifty-one (51) mining claims held under Development Licenses and comprising an area of approximately 1,094 acres was maintained in good standing. No exploration work was carried out thereon during the past year.

Township of Eccelstone (Kapuskasing Area), Ontario

Reports of occasional showings of lead-zinc-copper mineralization in a heavily overburdened area covering approximately two Townships some 35 miles southwest of Kapuskasing, Ontario, were covered by an airborne electro-magnetic survey during the early part of 1965. A number of excellent conductive responses associated with strong magnetic anomalies were indicated by the surveys; and, 18 claims were staked in due course by Company personnel. During the summer months the claim groups and their contained anomalies were prospected by ground geophysics and soil geochemistry. Where positive reactions were obtained, the overburden was stripped and the underlying rock was drilled and blasted to permit proper sampling. In almost all cases the anomalies were found to be caused by iron sulphides but of all those checked to date none have produced ore grade base metals.

Pine Point Area — Northwest Territories

Your Company on November 19th, 1965, optioned a group of 50 mining claims located west of the Buffalo River, in the Pine Point area of the Northwest Territories where new discoveries of lead, zinc ore had focused renewed attention on this area. Due to the time of year and attendant difficulties for winter operation, the Company was unable to carry out an Induced Polarization Survey, the type of geophysics favoured for the mineralization in this area. Known ore bodies of the District had shown a gravity response and as the Gravity Meter has much greater depth penetration than the effective range limit for the Induced Polarization method it was decided to carry out a gravimetric survey of the area held under option instead. The gravimetric survey was carried out during January and February, 1966. Results were largely negative, and the only responses obtained were believed to be caused by regional trends in the basement rocks and not by sulphide bodies. The Companys geologist, in view of the inconclusive results, recommended that the Company's rights under its option be abandoned, and accordingly the option agreement aforementioned was cancelled and terminated on February 28th, 1966.

Nepisiguit River Area — Province of New Brunswick

Subsequent to the date of the Balance Sheet, the Company obtained the exclusive option to acquire 31 mining claims in the Nepisiguit River area, Parish of Bathurst, County of Gloucester, New Brunswick. The initial exploratory work has since been carried out on the area covered by the option and the Companys geologists have recommended that an Induced Polarization Survey of the entire claim area (excluding granite areas) in conjunction with limited soil sampling over any anomalous zones is warranted. Based on the results of this work additional drilling may be recommended.

Respectfully submitted,

On behalf of the Board of Directors,

D. W. GORDON,
President.

DATED at Toronto, Ontario, on
the 25th day of April, 1966.

Auditors' Report

March 21, 1966

To the Shareholders,
First Orenada Mines Limited,
Toronto, Ontario.

We have examined the balance sheet of First Orenada Mines Limited as at 31 December, 1965 and the statement of deferred mine development and administration expenses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of deferred mine development and administration expenses present fairly the financial position of the company as at 31 December, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Dosser, Hector, Payne & Co.

Chartered Accountants.

FIRST ORENADA MINES LIMITED

(No Personal Liability)

(Incorporated under the Quebec Mining Companies Act)

Balance Sheet as at 31 December, 1965

ASSETS

Current assets

Cash in bank	\$ 14,038.28	
Bank deposit receipt — due 17 January, 1966	40,000.00	
Sundry receivable	425.95	
		\$ 54,464.23

Investments in and advances to other mining companies — Note 1

Advances	35,963.87	
Shares at cost less amounts written off (market value — \$14,325.00)	113,357.40	
		149,321.27

Government of Canada Bond — pledged as security

1,000.00

Mining claims — 51 mining claims located in the Laurentides Mining Division, Township of Bourlamaque, Quebec, acquired for 1,000,000 shares of capital stock at a valuation of

50,000.00

Costs paid in cash

115.50

50,115.50

18 mining claims located in the Porcupine Mining Division, Township of Ecclestone, Porcupine, Ontario — cost of staking

789.83

50 mining claims located in the Pine Point Area of the Northwest Territories held under option — Note 3

15,000.00

65,905.33

Deferred expenditure — per attached schedule

348,318.01

\$619,008.84

LIABILITIES

Current liabilities

Accounts payable	1,624.06
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SHAREHOLDERS' EQUITY

Capital stock — Note 2

Authorized:

5,000,000 shares of \$1.00 par value

Issued and fully paid:

For:	Shares	Par Value	Discount	
Properties	312,500.00	\$ 312,500.00	\$293,750.00	18,750.00
Services	41,223.00	41,223.00	35,194.21	6,028.79
Cash	646,277.00	646,277.00	495,646.67	150,630.33
Cash during the year	187,500.00	187,500.00	112,500.00	75,000.00
	<u>1,187,500.00</u>	<u>\$1,187,500.00</u>	<u>\$937,090.88</u>	<u>250,409.12</u>

Contributed surplus — arising on reduction of issued shares

526,227.38

776,636.50

Capital deficit — no change during year

159,251.72

617,384.78

\$619,008.84

See accompanying notes to financial statements, numbers one to four,
which are an integral part hereof

Approved on behalf of the Board:

"D. W. GORDON", Director.

"G. L. MOORE", Director.

FIRST ORENADA MINES LIMITED

(No Personal Liability)

(Incorporated under the Quebec Mining Companies Act)

Notes to Financial Statement

31, December, 1965

NOTE 1

Investments in and advances to other mining companies consisting of:

	Advances	Shares	
		Book Value	Market Value
Captain Mines Limited	\$18,585.39		
16,000 shares at cost		\$ 1,600.00	\$ 6,400.00
Wesley Mines Limited	17,378.48		
55,000 shares at cost		5,500.00	3,300.00
Northern Canada Mines Limited			
2,500 shares at cost		6,257.50	4,625.00
Nigadoo River Mines Limited			
22,222 shares at cost		99,999.90	—
	<u>\$35,963.87</u>	<u>\$113,357.40</u>	<u>\$14,325.00</u>

NOTE 2

The company has obtained during the year ended 31 December, 1965 Supplementary Letters Patent whereby:

1. The authorized capital of the company was decreased from 5,000,000 shares of \$1.00 par value each (of which, 4,000,000 were issued and 1,000,000 were unissued) to 2,000,000 shares of \$1.00 par value each by the pro rata cancellation of 3,000,000 issued shares whereby shareholders received 1 new for 4 old shares held.
2. The authorized capital of the company was then increased from 2,000,000 shares of \$1.00 par value each to 5,000,000 of \$1.00 par value each by the creation of an additional 3,000,000 shares with \$1.00 par value ranking on a parity with the existing shares of the company.
3. The name of the company was changed to First Orenada Mines Limited (No Personal Liability).

NOTE 3

By agreement dated 19 November, 1965, the company obtained the exclusive right of option to develop, explore, diamond drill and do other mining work on 50 unpatented mining claims situate in the Pine Point area of the Northwest Territories. This option was obtained in consideration for the payment of \$15,000.00 to extend to 28 February, 1966. The company had the right to further extend the option until 31 May, 1966 by the payment of an additional amount of \$10,000.00 and the causing to be allotted and issued of 100,000 shares of the capital of the company on or before 28 February, 1966. The company did not make the payment by 28 February, 1966 and this agreement has now terminated.

NOTE 4

By agreement dated 5 January, 1966, the company, in consideration for \$7,500.00, obtained the exclusive option to acquire 31 mining claims in the Nepisiguit River Area, Parish of Bathurst, County of Gloucester, New Brunswick. This option may be exercised by payment on or before 30 September, 1966 of a further \$7,500.00 and the allotment and issue of 100,000 shares of the capital stock of the company.

FIRST ORENADA MINES LIMITED

(No Personal Liability)

(Incorporated under the Quebec Mining Companies Act)

STATEMENT OF DEFERRED MINE DEVELOPMENT AND ADMINISTRATION EXPENSES

For the Year Ended 31 December, 1965

	Expenditures Carried Forward 1 January, 1965	Additional for The Year	Balance at 31 December, 1965
Deferred mine development			
Diamond drilling	\$227,879.99		\$227,879.99
Surface exploration	5,529.98	\$ 2,742.50	8,272.48
Assaying	4,493.59		4,493.59
Maps and blueprints	625.94		625.94
Mining licenses	15,855.41		15,855.41
Taxes, fees, etc.	11,621.85	625.97	12,247.82
General expense	788.77		788.77
Surveys	14,185.95		14,185.95
Travel expense — mine	2,095.96		2,095.96
Camp and cookery expense	6,396.39		6,396.39
	<u>289,473.83</u>	<u>3,368.47</u>	<u>292,842.30</u>
Administration expenses			
Advertising	406.96		406.96
Legal and audit fees	4,436.15	4,547.05	8,983.20
Interest and bank charges	57.33	.85	58.18
Head Office expense	25,824.65	1,800.00	27,624.65
Postage and office supplies	1,907.91	2,751.08	4,658.99
General expense	327.01	41.20	368.21
Security registration fees	4,281.20	4,190.00	8,471.20
Telephone and telegraph	1,307.97	101.03	1,409.00
Transfer agent and registrar fees	5,756.54	2,654.30	8,410.84
Travel expenses	5,269.54	508.94	5,778.48
Capital and place of business taxes	1,437.81	40.84	1,478.65
Insurance	785.78		785.78
Bad debt expense	778.60		778.60
Shareholders' reports	2,594.34	512.20	3,106.54
Directors' fees	—	1,700.00	1,700.00
	<u>55,171.79</u>	<u>18,847.49</u>	<u>74,019.28</u>
	<u>344,645.62</u>	<u>22,215.96</u>	<u>366,861.58</u>
Less: Interest income	<u>18,273.52</u>	<u>270.05</u>	<u>18,543.57</u>
Total deferred expenditure	<u>\$326,372.10</u>	<u>\$21,945.91</u>	<u>\$348,318.01</u>